

# President's News Conference on Foreign and Domestic Issues

Following is a transcript of President Reagan's news conference last night in Washington, as recorded by The New York Times:

## OPENING STATEMENT

Good evening, please sit down. I have a brief statement here. The final report on the economy is in, and the news is even better than anticipated. The U.S. economy grew at a rate of almost 5 percent in the fourth quarter and final sales increased at a rate of 8 percent. Economic growth for calendar year 1984 measured just a shade under 7 percent. It was the strongest performance in a single year by the American economy since 1969. Recovery is now well into its 27th month.

It's the strongest expansion since the Korean War, and ours is a peace-time expansion road not in a military buildup or overseas conflict, but in a broadening prosperity when America is at peace.

We intend to prolong and to protect the recovery. We will work with Congress for a sweeping program of tax simplification and reform and we're convinced this historic legislation can and should be passed this year.

### Key is Free Enterprise

America has discovered that the key to greater economic growth, opportunity, prosperity for all is to unharness the energies of free enterprise. The American miracle of which the world now speaks is a tribute to the success of the private institutions, not government. It was individual workers, business people,

entrepreneurs — no government — who created virtually every one of those million new jobs over the past two years.

But protecting recovery will require political courage. A Federal Government that collects nearly 20 percent of the nation's products in taxes must cease spending nearly 25 percent of the gross national product in Federal programs. Our Administration proposes to freeze overall Federal spending at its current year's level, to cut \$5 billion out of programs in need of restraint, to reduce spending by half a trillion dollars over the next five years. And our proposals are rooted both in economic necessity and common sense.

### Nov. 6 Mandate Cited

To cite one example, revenue sharing. It doesn't make sense for a Federal Government running a deficit to impose mandates on state and local governments that are now running surpluses — thanks to our economic recovery. And as for those who tell us that growth and expansion is politically impossible, the spending restraint is politically impossible. The higher taxes are necessary, our answer is simple: That issue was debated and decided on Nov. 6. We intend to honor the mandate that we've been given by the people.

All right, Mike?

## QUESTIONS AND ANSWERS

### Reaction to Stockman

Q. Mr. President, budget director Donald Stockman says the taxpayers of this country shouldn't be responsible for the bad debts of farmers. Do you agree with Mr. Stockman? And if you do, why use Federal funds to extend emergency credit to family farmers?

A. I think Mr. Stockman's made it plain that — in fact has apologized — for some of his remarks, because after three hours of what was an appearance before a committee in which I think there was a certain amount of harassment and heckling going on, he has said that he's sorry and has said that he's got a few more words.

And, no, I think the farm problem is the result of things that have been done in the past. It's the result of the intervention of the Government for some time. There are a number of farmers now who their main problem is they borrowed on the basis of inflated land values, and then when we bought them out, they had to leave with loans and the collaterals did not have the same value.

And, no, I think the farm problem is we're making a proposal, and we'll be talking tomorrow with the Senate about a short-term proposal for this short-term problem that will include loans and loan guarantees — some \$650 million in that. And then we'll be talking with the House on our proposals for hopefully getting the farm economy back into the free marketplace and Government out of the agricultural business.

### Programs 'Didn't Succeed'

Q. Mr. President, do you see a contradiction between your farmers' emergency aid now while proposing to phase out price supports and crop restrictions that they lived with for many years?

A. As far as the problem. We won't pull the rug out from under anyone instantly who has geared themselves to these Government programs. But the Government programs didn't succeed in solving the problems they face today are the result of Government's involvement.

And I think you'll find that a great majority of the people believe in the answer to their problems is out in the free market.

And then if Government is to help, we should help by opening up world markets for them, by holding trade negotiations, because much of the power now in the world is in the government subsidized.

A. And we intend to do all that we can. In fact, that's one of the things I talked to the Prime Minister about, and we're both agreed that we should be discussing in the coming months with our trading partners and friends the need for the negotiations to do as much as we can to have free trade and both ways in the world at large.

### Salvadoran Treaty

Q. Mr. President, Jack Anderson said in his column today that in 1981, you passed the word to Moscow that even if the Senate ratified the SALT II treaty you would not sign it; that in 1983, Moscow had agreed to stay longer bound by the SALT II treaty and they began to build up their arsenal over the limit. Is that true? And I'd like to follow up.

A. Well, I think that myself this morning and went into the office and I said, "Where is all of this coming from?" I do not remember any statement, any position taken on that kind. Both countries had been as long as it was mutual, obeying the restraints or staying within the restraints, mainly because of our efforts to get a disarmament, a disarmament arms reduction talks. But we felt that if we were going to engage in those talks it would be far better if we did abide by an agreement that had not been signed, had never been ratified by our Government.

And I don't recall that at all. And I have to say that when the Soviet Union was sure that they had some of the restraints now, and we know that we're coming to a point in which we have up until now been abiding by the restraints, we were talking with new ones with new ones. The Soviet Union — one of the violations of theirs that we were taking nuclear missile submarines out of action but they were cutting them down and rebuilding

them as cruise missile-carrying submarines.

A. Well, I want to stay with the truths that we have negotiated like even ADM, while the new negotiations go on.

A. Well, we're going to stay with the treaties that are in effect that have been ratified and are in power. We'll have a lot of work to do in how to make with regard to whether we join them in violating the restraints.

### Andreae

Q. Mr. President, you have said that you would need to be convinced of shifting the tax burden from individuals to corporations as the Treasury tax plan suggests doing. But in the State of the Union speech you suggested that the goal of your policy is to remove the Sandinista Government in Nicaragua. Is that your goal?

A. Well, remove it in the sense of its political status in this country. It is a Communist totalitarian state and it is a Government chosen by the people — so you wonder sometimes about those who make such claims as to the Sandinistas. You know, I have an obligation to be helpful where we can to freedom fighters and lovers of freedom and democracy from Afghanistan to Central America. And whenever there are people of that kind who are striving for that freedom, we're going to try to persuade the Congress that we can legitimately go forward with a tax plan that will be reducing the rates and where we're going to achieve what we call tax neutrality, or revenue neutrality, in the sense of a number of a number of exemptions that have been proposed that sometimes have, well, they've been unfair in the sense that others are not.

A. Well, Andreae, we're going to continue with the Scoop Jackson plan, for trying to bring development and help all of Central America.

Q. Sir, when you say "remove" it in the sense of its political status, are you not saying that you welcome the overthrow of the present Government of Nicaragua?

A. Well, what I'm saying is that this government is not the government of the revolution against Somoza. The freedom fighters are other elements of that revolution. And once victory was achieved, the Sandinistas were there, and they were removed and managed to rid themselves of the other elements of the revolution and violated their own promise to the Organization of American States, the result of which they had received support, from the organization, that their revolutionary goal was for democracy, free press, free speech, free labor unions, free elections, so forth, and they violated that.

The New York Times / Paul J. Richards

President Reagan answering question last night at news conference

just as we're not envisioning any participation in negotiations. We have said we'll stand by and well help in any way we can, but these negotiations are not enough for that moment.

A. Let me come over here for a minute, Sam.

### Goal in Nicaragua

Q. Mr. President, on Capitol Hill the other day Secretary Shultz suggested that the goal of your policy now is to remove the Sandinista Government in Nicaragua. Is that your goal?

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Q. The answer yes? Then?

A. To what?

Q. To the question, aren't you advocating the overthrow of the present Government, if not to substitute another form of what you say was the revolution?

A. Not if the present Government would turn around and say — all right — if you'd say — sir, for right, and come back into the revolution.

Well, the Treasury plan as it is now and while we're still going to have to review that plan, and there are differences just like the things that you committed yourself to in the State of the Union would amount to \$100 billion, when the Treasury plan in 1980, when they planned it.

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